

Operator: Ladies and gentlemen, good day and welcome to Schneider Electric Infrastructure Ltd. Q1 FY27 Results and Business Update Conference Call. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal the operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Harshit Kapadia from Elara Securities. Thank you, and over to you, sir.

Harshit Kapadia – Elara Securities: Thank you, Huda. Good morning, everyone. On behalf of Elara Securities, we welcome you all to the Q1 FY27 conference call of Schneider Electric Infrastructure Ltd. I take this opportunity to welcome the management of Schneider Electric Infrastructure, represented by Mr. Udai Singh, Managing Director and CEO; Mr. Omkar Prasad, Chief Financial Officer; and Mr. Mohit Agarwal, Head of Investor Relations. We will begin the call with a brief overview by management, followed by a Q&A session. I will now hand over the call to Mr. Singh for his opening remarks. Over to you, sir.

Udai Singh – Managing Director & CEO: Thank you, Harshit, and good morning to everyone who has joined. I wanted to take you through the presentation that we shared last week and take you through a few of the slides that we shared. I would take you to page 2, where we are proud to share that we have been ranked as the number-one most sustainable company in the world for the third year in a row. This is something we are extremely proud of and something that we truly relate to as a sustainable company.

Now I would like to take you through the next slide, which enumerates our vision and mission. As you know, our vision remains that we will lead the new digitalized energy world, offering our customers and partners the most innovative connected products and solutions, which will be ready for the elevated expectations of power distribution. We do this through balanced business models, superior quality, and efficient supply chains, which will keep our growth and profitability resilient and sustainable.

What you would also notice at this point is that we have slightly modified our vision. We now say that we are your energy technology partner through which we electrify, automate, and digitalize every industry, business, and home, driving efficiency and sustainability for all.

Taking you to the next slide, which is page 4 of the presentation, we are looking at the macroeconomic outlook for the company. What we see is that India in 2030 is entering a new infrastructure cycle, where the macro outlook is strong. There are three basic pillars that we have tried to capture for you.

One is the GDP forecast itself, which is expected to be between 6.5% and 7% for the next 4 years. This is also being driven by two fundamental levers. One is per capita GDP, which will grow by at least 1.5 times by 2030, taking it to approximately 4 lakhs. This is what we expect the per capita GDP to be in 2030.

Another very positive factor for the company is per capita electricity consumption, which is expected to be between 1,800 kilowatt-hours and 2,000 kilowatt-hours by 2030. To give you some

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perspective, this was approximately 1,000 kilowatt-hours or less than 1,000 kilowatt-hours in 2014.

At the same time, there are certain headwinds that all of us are facing, and our company is also facing them. One is the devaluation of the rupee, which has declined, with the rupee depreciating by approximately 8% since the beginning of this year. Commodity prices have also been increasing. Copper, aluminum, steel, and the labor that we use have all been increasing, and we are trying to determine how to mitigate this.

At the same time, while there is near-term volatility that all of us are seeing, India's long-term investment story remains intact. This is primarily driven by four fundamental levers.

One is electrification. When I say this, I am referring to the levers that are pertinent and relevant to the company. There is a basic electrification need, and we see non-fossil fuel capacity going from 300 to 500. That is the vision for the country, and the nation is progressing well in this area.

I would also like to mention one specific example, which is energy storage systems. Today, this is approximately 13 gigawatt-hours, and it is expected to be {? 200-plus ?} by 2030. That is the number that we see.

Another topic that all of us are reading about every day is data centers, AI, and the digitalization that the nation is undertaking. Data center capacity is expected to grow from 1.6 gigawatts to approximately 8 gigawatts by 2030, if not more. The number of e-commerce users, for which the nation has been very vibrant because of its young population, is expected to be approximately 450 million by 2030. The digital economy itself is expected to contribute approximately 20% by 2030.

These factors will lead to more and more data centers being established, and I am sure you must have been reading about the many announcements that have been made in the news recently. These developments are being supported and driven by this wave.

Another element is urbanization, where I am referring to two things on the slide. The first is EV penetration, which is expected to be approximately 30%. We are currently at approximately 8%. If you read the newspapers and follow the automobile sector, you will find that this is going to increase. This will require many things to be developed for the nation by us, in terms of establishing the EV infrastructure to support this EV momentum.

The second is the Vande Bharat trains. I mention this because there are currently approximately 160 trains operating in the nation, while the government has plans to increase this to approximately 800. This is important for us because we power these trains with our circuit breakers, which we manufacture at our Kolkata plant.

The last element is the Make in India drive. As you heard from the Honorable Prime Minister yesterday, there is also a focus on the Make in India initiative. As a result, many companies will begin manufacturing in India itself, which will open up capital expenditure requirements. The company can potentially do well by leveraging those conditions.

We are trying to determine how all of us, together, can manufacture many things in India, not only for India but also for overseas markets and exports. Goods exports are expected to be approximately \$1 trillion by 2030.

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There are various schemes that support all these four levers that I mentioned. A few of them are listed here, including the RDSS scheme, green energy corridors, the new energy policy, the VGF schemes for BESS, interstate transmission waivers, the DPDP Act, the National Data Center Policy that was introduced approximately 6 months ago, the India AI Mission, and the AI conclave that we had in Delhi at Yashobhoomi in April.

There is also railway capex, high-speed rail, the FAME schemes, the e-Drive scheme, and several PLI schemes that are enabling this, especially the ISM, which is the India Semiconductor Mission, along with other rare-earth corridors that the country has been able to establish.

In a nutshell, what does this mean? It means that there are four growth engines driving demand for power infrastructure and for us. This means that more power will require smarter grids for better reliability, and that is another area where we will be able to position ourselves positively.

While we do this, what we are trying to do within the company is leverage three strategic pillars for growth. One of them is technology leadership. As you must have read in the earlier slide, where I spoke about the new mission statement, we want to be a technology leader and partner for our customers.

The second is customer differentiation. How do we differentiate ourselves in the eyes of the customer? The customer remains at the core, and our value addition will be based on how we provide our services and solutions differently, as perceived by the customer.

The third is remaining cost-competitive, so that we can bring not only technological differentiation but also the right cost structure, enabling the company to become more profitable.

I would request you to go to page 6, where we are sharing a few of the wins in the quarter that went by, especially starting with the high-growth segments, including semiconductors and data centers.

Management {? Uday ?}: If you look at the two wins that we have captured on this slide, the one on the left is a win in the semiconductor area in one of the states in Central India, where we supplied transformers fully enabled with digital solutions. This is a large order that we received from a customer operating in this area.

Speaking about data centers, if you look at the slide on the right, we supplied medium-voltage panels, transformers, automation devices, and panels. This came from a data center customer who preferred us as a partner because we are able to technologically differentiate what we provide to them.

At the same time, I would like you to go to the next page, which is page 7, where we are showing what is strategically important for the company. We have identified three basic areas in which we have worked.

The first is renewables, where we supplied transformers in the solar segment. This is different because of the volume and the intricacy of the transformers that we supplied.

The center image is a cement plant established by a private entity in India, where we supplied equipment. This is one of the first projects of its kind in one of their prestigious slurry pipeline

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projects.

The third is an airport in South India, where we supplied an SF₆-free RMU pilot. This is the first outdoor pilot of its kind being implemented at an airport in India.

If I take you to page 8, which specifically speaks about our technological capabilities and differentiation, these are the digital wins. We are talking about two segments: energy and chemicals on the left, and utilities on the right.

In energy and chemicals, we supplied an integrated energy management system, which is very critical for strategically bundling our digital solutions to enhance reliability and asset performance. When I refer to asset performance, this is one of the areas where customers consider us favorably, because we bring the end-to-end product life cycle to the customer.

On the right is a smart grid and transformer monitoring solution. This is something that we have done as an attachment, if I may call it that, to something that we supplied earlier. The customer came back to us and asked for digital enhancements to the product to provide better visibility, preventive maintenance, and predictive maintenance. This is one of the successes that we would like to share with you, and we are very proud of it.

I will now go to page 10, where we speak about the company's ESG commitment. You can see six tiles here.

The top three relate to CO₂ emissions from our four manufacturing sites, where we are at 100%. We source 100% of the electricity for our plants from renewable sources, including onsite solar and the ICPAs that we have purchased.

We are very safe, with zero workplace safety incidents and zero recordable incidents across all the sites.

The gender diversity that we have been working on is close to 20% of the workforce, which comprises our women colleagues.

I am very proud to share the fourth tile, which relates to skill development. We have trained approximately 1,900 skilled youths in the state of Gujarat through the 16 skill development centers that we have established.

At the same time, we are also supporting people in various areas. We have established anganwadis and PHC health centers, and we have reached approximately 220,000 households through these community-center electrification programs, helping and supporting them.

The last tile, before I hand over the financial performance to my colleague Omkar, is the CRISIL rating. We were awarded a strong rating as an organization, with a score of 63 out of 100, just about 3 months ago in 25 for the 25.

I would now like to request Omkar to take you through the financial performance. Over to you, Omkar.

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Omkar: Thank you, Uday, and good morning, everyone. Thank you for joining this call. I will begin with our quarterly performance and the key factors behind the results.

I will start with a synopsis of the key highlights. I will start with the order intake. The order intake number that you see here is 915. The positive aspect is that 915 is the highest quarterly order intake ever booked in any quarter. While the year-over-year growth is 0.5%, sequential-quarter growth is in double digits.

Sales had a soft start, as we say. Year-over-year growth was close to 5%, but sequential-quarter growth was again in double digits. Historically, in our company, Q1 has shown similar linearity, where we have a soft start in Q1.

The very good news is that we still have a very strong backlog, with growth of close to 33%. We are entering Q2 with a backlog of approximately 2,100 crores plus, which is a positive factor.

EBIT is lower than last year. The number is 32 crores. I will provide more clarity on this in the next slide.

There are no exceptions in profitability and PAT. I will move to slide 13.

Sales reflect moderate growth of 5% in Q1. Historically, the linearity shows that Q1 is always a soft start after the close of the financial year.

Other income contains no surprises and is very much in line. There is one specific point to call out. When we come to gross margin, as we discussed in our Q4 earnings call, there is an external factor involving a Southeast Asia crisis and commodity inflation. This is impacting gross margin, largely because the orders executed in Q1 were mostly orders received last year, as the average turnaround time for these orders is close to 6 months.

Omkar: Hello. I hope I am audible. May I continue?

Operator: Yes, please.

Omkar: Thank you. Gross margin saw a slight decline. As we said in the Q4 earnings call, the external impact has continued, and we are taking several internal actions. Uday also spoke about our increased focus on cost consciousness and competitiveness. The company is taking actions to determine how we can mitigate these factors.

However, I want to highlight that these are certain external factors, specifically in the commodity market. When you look at copper and transformer oil, these are items that we purchase, and their pricing is not under our control. That is the position on gross margin.

When I discuss fixed costs, employee costs, and other expenses, although the percentage increase is high, this is normal for Q1. We undertake the normal salary increment in Q1, and all cost inflation is reflected in Q1. Since sales growth was soft and moderate at 5%, Q1 experienced negative operating leverage.

However, this will not continue throughout the year. You must have seen in the last year that this evens out over the course of the year. It is only because of the linearity of sales that employee costs

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and other expenses appear higher in Q1.

Within other expenses, there is also an FX factor. FX contributed to a certain increase in other expenses because some of the recharges and imports that we undertake are denominated in USD. The INR value has depreciated against the USD, and this has also impacted other expenses.

Depreciation is in line. As you all know, we have started capitalizing the capex at the Kolkata plant. The plant started operations early this year, and depreciation is now being recognized. Most probably, the growth from that plant will accelerate over time.

There is no change in finance costs. We have not taken any exceptional loan. The sequential-quarter finance cost is unchanged, but there was an accounting difference in Q1 of last year. Last year, there was a gain from a modification in the accounting fair value, and that gain was recognized in the previous year's quarter. In the current year, finance costs have normalized, and there is no exceptional loan being reported here.

I want to highlight that this increase is only because of a non-cash accounting adjustment. We have normal tax expenses. Total income growth was 1.9% in Q1 because of the impact on gross margin and negative operating leverage, which we will try to recover in the subsequent quarters.

I will now hand it back to the operator for your questions, so that we can provide further clarification. Thank you.

Operator: Shall we begin the question-and-answer session now?

Omkar: Yes.

Operator: Thank you. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Dhruv Ravani from Price Bridge PMS. Please proceed.

Dhruv Ravani – Price Bridge PMS: Hello, sir. Good morning. My question is regarding transmission capex. We know that the solar and renewable share in transmission or generation has increased to more than 40%, and there are challenges in transmission, especially on the evacuation side. What products and services, especially under our EcoStruxure platform, do we have? Could you provide more detail on that?

Udai Singh – Managing Director & CEO: Mr. Dhruv, good morning. The products we have, as you know, include transformers. We have equipment that handles and distributes power up to the 33 kV range. We also have control and relay panels, which are an essential part of an electric power system and can be used across various voltage classes.

What we do not have are transmission-line conductors. We do not have the transformers that are referred to as high-voltage or extra-high-voltage transformers, which are 400 kV and above.

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Therefore, the transmission sector is not really our area of work in the transmission space, if I may put it that way.

However, when we engage with IPPs that are setting up solar farms, we do a lot of work in that area. We provide 33 kV air-insulated and gas-insulated switchgear for substations. We also work on energy storage systems, which will become mandatory as companies are required to provide a reliable 24x7 supply through battery-based energy storage systems.

We also have a set of software solutions that provide visibility and enable control of the power plant. These are the areas in which the company operates. What the company does not provide are the high-voltage transformers used for evacuation, as those are not part of our product range.

Dhruv Ravani – Price Bridge PMS: Thank you, sir. Thank you for that clarification.

Operator: Thank you. A reminder to all participants: anyone who wishes to ask a question may press star and one on their touchtone telephone. The next question is from the line of Sameer Thakur from Ambit. Please proceed.

Sameer Thakur – Ambit: Thank you. Would it be fair to assume that the miss is largely driven by a lack of operating leverage? If I compare quarter-on-quarter rather than year-on-year, gross margins are largely flat quarter-on-quarter, while growth in other expenses is almost 20% year-on-year. Is that mostly driven by FX, or are there other factors? That is the first question.

Udai Singh – Managing Director & CEO: Thank you, Sameer. This is largely because our expenses, including what we call G&A, first-cost salary increases, and other cost charges, increase from April 1. It is largely because of operating costs. This started in Q1 and will mostly even out throughout the year.

Sameer Thakur – Ambit: And the operating expenses—are they largely driven by FX or by any other factor?

Management: In operating costs and other expenses, for any costs that we incur outside the country, we certainly have an FX impact. There is also incremental inflation or regular increases of approximately 8%–10%. Therefore, it is a combination of both factors in other expenses.

Sameer Thakur – Ambit: Now that half of the quarter is over for Q2, what are you seeing so far this quarter?

Management: If you look historically at quarter-to-quarter growth, Q1 has always been a soft start. While Q2 would involve forward-looking statements and we are not providing guidance, the point is that historically we have always performed better in Q2 than in Q1.

Sameer Thakur – Ambit: Thank you. I know you are not providing forward-looking statements, but given the backlog growth, what ballpark revenue do you have in mind? Is there any range or expectation for this year?

Udai Singh – Managing Director & CEO: I can take that question, Omkar. Thank you for raising it. The number that you see in Q1 has historically been the case if you compare it with the other Q1

periods, in terms of what we typically do for the full year.

We also had some headwinds that impacted this quarter. Without giving any forward-looking numbers, what I would like to assure you is that all the actions necessary to retain and perform well during the fiscal year have already been initiated.

The underlying demand environment and opportunity pool are healthy for us. Pricing actions in the market have been initiated, although it will take some time for them to fructify and have an impact.

What I can say is that the three forward-looking quarters, including the quarter that is already half over, look good for us.

Sameer Thakur – Ambit: Thank you. As a last question, could you comment by end market? What is our exposure to data centers? Last time, you highlighted that 10%–12% comes from data centers. I believe the backlog is again in a similar range, while power and grid account for approximately 40%. If possible, could you comment by end market?

Udai Singh – Managing Director & CEO: What I can state at this point is that more than 1/5th of our order backlog comes from these new emerging segments. We are trying to manage this mix and selectively and strategically increase the proportion of orders coming from the emerging segments, while maintaining our focus on the core businesses.

Sameer Thakur – Ambit: Would the emerging segments include data centers, semiconductors, and solar?

Udai Singh – Managing Director & CEO: At this point, the emerging segments would include data centers and semiconductors. India is on the right path in semiconductors, with companies investing significant amounts supported by the government's PLI scheme, and we are engaging with them productively.

These would be the emerging segments. Solar remains as it is. We have been discussing solar for the last 5–6 years. We consider it to have emerged a few years ago. We are trying to make inroads and remain active in that segment while bringing in the genuinely new emerging segments that we see today for the country, especially semiconductors and data centers.

Sameer Thakur – Ambit: One more question, if I may. In metals and mining, we see many companies undertaking capex, and the capex growth rate for FY27 is quite high for those companies, which are essentially your customers. Are you seeing traction in metals as well?

Management: Yes, we are seeing traction. As I said, the opportunity pipeline in front of us is healthy and has a good mix of metals and mining, or the MMM segment, as we call it.

Sameer Thakur – Ambit: Thank you. I will get back in the queue.

Operator: Thank you. A reminder to all participants: anyone who wishes to ask a question may press star and one on their touchtone telephone. The next question is from the line of Vinod from PhillipCapital. Please proceed.

Vinod – PhillipCapital: Thank you for the opportunity. You mentioned in your opening remarks that FX contributed to the growth in other expenses. If I look at Schneider as a whole on a 12-month basis, how much of our COGS consists of imports?

Management: Thanks, Vinod. This would be in the range of 10%–15%, not more than that.

Vinod – PhillipCapital: Is there a natural hedge against that through exports? Would exports be a similar number?

Management: Yes. When we talk about foreign currency, it is naturally hedged because we also have exports in a similar range.

Vinod – PhillipCapital: Thank you. My second question is regarding the press release. While we understand the commodity headwind and its impact on margins, you also mentioned legacy orders. As I understand it, Schneider has a book-to-bill ratio of 0.5–0.6. Effectively, what you are executing today would be orders booked perhaps 1 or 1.5 years ago, when pricing was favorable. Why would these legacy orders impact margins in that sense? Could you clarify the point about legacy orders?

Management: When we refer to legacy orders, we mean orders booked before December last year. These contracts have a firm price that we offered to the customer because their execution period was approximately 6 months.

When we have a firm price with the customer and the prices of raw materials such as copper and oil, along with all other costs, increase, we are unable to go back to the customer and ask for a revision. That is why we say that this is impacting margins.

For some contracts with a longer execution period, we embed a price-variation clause with the customer. What we are saying is that wherever we cannot contractually go back to the customer to revise the price or seek a price revision, that impacts gross margin.

Vinod – PhillipCapital: If I divide your order inflows into pre-December and post-December, would the pre-December orders be fixed-price contracts, while the post-December orders would have price-variation clauses that would show up in execution going forward? Is that the right way to look at it?

Management: Yes and no. As part of our internal policy, we have taken corrective actions and started making a price-variation clause mandatory in all contracts.

However, where we participate in a tender and price variation is not an accepted requirement, or where we cannot bid if that condition is not included, particularly with different utilities, we cannot introduce a deviation in their tenders. In those cases, we provide a price with a certain validity period.

There is still a risk there. If there is a delay in execution of the end customer's project, we may again experience an impact on gross margin. Although we have taken action, we cannot apply it to every government tender backed by EPC companies and others. That is where we face a challenge.

Vinod – PhillipCapital: Understood. Would legacy orders typically be distribution orders or discom orders?

Management: No, it is a mix. When we refer to this, it is largely in the power and grid segments.

Vinod – PhillipCapital: Finally, regarding discom capex, what kind of capex run rate do you have internally for this year in terms of discom capex?

Management: Are you referring to our capex for discoms?

Vinod – PhillipCapital: No, not your capex. I am referring to the TAM that could be available to you in the distribution capex segment.

Udai Singh – Managing Director & CEO: I can take this question. Thank you, Vinod. I am sure you would have seen the capex that the company has undertaken. Over the last 3 years, we have undertaken capex of approximately 500 crores across our 3 plants.

The basic idea is, first, to enhance our capacities. Second, it is to reduce imports that we currently source from other Schneider factories outside India.

To answer your question, the items and products that we manufacture are not intended exclusively for a specific segment. They serve specific segments in different ways. For example, secondary distribution equipment is mainly used in power and grid. We have been working to increase capacities that can cater to power and grid, especially in secondary distribution and in the transformer ranges, which are also used significantly in power distribution.

We are aligned with the capex that the government has been planning, especially under the RDSS scheme, under which 300,000 crores have been allocated. We are trying to leverage this through the items that we produce ourselves in our factories.

At the same time, I think you asked a very relevant question regarding how many orders were booked before December and what exposure we have. We are selective in engaging with strategic accounts where the site is clearly visible, the project cycle is known, and there is less ambiguity regarding the ease of execution of the contract.

If the TAM is, for example, 10, we may decide to engage in only a number below 10, depending on the situation and the criteria that we apply to any available TAM. Therefore, it is difficult to answer, but we are selective depending on the contracts we choose to pursue.

Vinod – PhillipCapital: What is the likely TAM for FY27? How much do you expect distribution companies to spend this year?

Udai Singh – Managing Director & CEO: The TAM of distribution companies is very large for us. If someone is undertaking underground substations or underground cabling, we do not enter into that contract.

The RDSS scheme is primarily aimed at reducing losses. That has been its primary objective. This will be achieved through two fundamental actions.

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The first action is to strengthen the power distribution infrastructure. This means either replacing or installing new devices and products, or implementing more structured cabling of distribution networks. That is one part.

The second part is to digitalize the distribution infrastructure.

In the first part, we supply equipment. We do not undertake underground cabling. We supply technologically differentiated equipment.

In the second part, we participate in grid modernization. In very simple terms, when someone is trying to modernize a grid or a distribution architecture, that is where we step in and provide our solution.

For example, if the TAM is 100, that 100 may relate to any number, such as 10, 15, 20, or 25, depending on the nature of that particular discom or circle. Therefore, it is very difficult to provide a specific number, but we are strategically present where we should be.

Vinod – PhillipCapital: Continuing on that point, I think Schneider was looking at—

Operator: Sorry to interrupt you, Vinod, but could you please rejoin the queue?

Vinod – PhillipCapital: Okay.

Operator: Thank you. The next question is from the line of Jay Gandhi from Ambit Capital. Please proceed.

Jay Gandhi – Ambit Capital: Am I audible?

Management: Yes, Jay.

Jay Gandhi – Ambit Capital: Thank you for the opportunity. My first question is regarding the previous quarter, when we said that order growth was tepid because of conscious decisions made by management due to extreme commodity volatility. This quarter, we have posted healthy order growth. I wanted to understand how much of the order growth is fresh for this quarter and how much is a spillover from the previous quarter.

Management: This quarter, we recorded the highest order intake at 915 crores. With a great deal of pride, if you compare it quarter to quarter—

Management: We will not be able to track what should have been decided by March 31 and what spilled over into April. However, there is a typical cutover that always occurs, where an order or contract moves into a new quarter.

That does not really have an impact because it is something that is spread across each quarter. It is not that there is a significant influence from the time-phasing of orders. Sometimes it is 15%-20%, and sometimes it is lower. Therefore, it is very difficult to answer your question in that manner.

Jay Gandhi – Ambit Capital: Understood. My next question is whether you would be able to quantify the magnitude of the price increases we have taken to mitigate commodity inflation.

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Management: We have taken the necessary actions to mitigate the impact of raw material costs. However, it depends on the item, because the impact of raw materials differs based on the composition and constituents of the product and the commodities involved.

As a practice, we are trying to determine how to recover the inflation that we have seen in product costs across various products. It is difficult to quantify, but we are trying to determine how best to mitigate that impact.

Jay Gandhi – Ambit Capital: My last question is: how much of our current backlog is covered by price-variation clauses? Going forward, would we prefer taking orders where we get price-variation clauses, or would this be decided on a case-by-case basis?

Management: Historically, as we have indicated, price-variation clauses in contracts have been in the range of 20%-25%, and not more than that. These are mostly projects with long execution cycles of more than 6 months to 1 year, or more than 1 year.

Second, when we undertake tendering, the costing sheets are always refreshed based on current costs. I am not sure {? J.G. ?} what you mean by price revision. We do have transactional pricing, but for most projects and equipment, we undertake costing on a case-by-case basis for every tender. Accordingly, prices are revised on a monthly basis.

When we do the costing, we always consider the latest prices.

Operator: Thank you. The next question is from the line of Vinod from PhillipCapital. Please proceed.

Vinod – PhillipCapital: Thank you, and very good morning, sir. Continuing on the impact of material costs, I would like to know whether there has been a change in the revenue mix between systems, transactional products, and services that could have impacted the current quarter. We also saw a similar impact in the previous quarter. That is my first question.

Management: Systems have definitely seen growth, mostly toward high-growth emerging segments such as data centers. The mix is changing not only in terms of supply but also because these projects involve longer gestation and execution periods, including installation and commissioning.

Regarding the service and transactional mix, I believe we are maintaining a similar revenue growth profile to what we expect. There has not been much change in that mix.

Vinod – PhillipCapital: Would it be possible to provide the mix? A couple of years ago, we expected the contribution from transactional products and services to increase. We do not have those data points, so could you tell us where it stands today, including within the order book?

Management: We understand your question. We can try to provide greater clarity on this from next quarter.

Vinod – PhillipCapital: When we talk about emerging segments, I would also relate this to the improvement in digitalization under our EcoStruxure platform. Would many of the new orders or

systems orders that we receive have a higher import content? For example, I understand that we do not manufacture GIS locally, and some of these products, such as GIS, have a higher import component. Would that also have impacted our margins?

Management: As mentioned earlier, we do have import content, and it has been impacted by foreign exchange. The cost of imported components has also increased because costs and commodities have been affected everywhere, not only in India.

The actual cost of what we are buying has increased compared with last year, and the cost of imports has also increased because the INR has depreciated. Both factors have had an impact.

Vinod – PhillipCapital: Has the import content—whether in raw materials or finished products—increased in our overall basket?

Management: Not really. In fact, I can speak about i4i, where we are focusing more on India for India and increasing indigenous inputs. We are not increasing our import dependency.

Vinod – PhillipCapital: Regarding exports, what is our export revenue contribution now? We have established a new facility and were also looking to make it export-focused. From that perspective, what is the current export revenue as a percentage of total revenue, and how do we see it progressing? Many multinational companies operating in the power equipment sector have seen exports reach 25%–30% consistently, both as a percentage of revenue and in the overall order book. I would appreciate your thoughts on exports.

Management: Today, export revenue is in the range of 10%–12% of revenue. The capex we invested in Kolkata will largely cater to the export market, which is just starting.

We are still in the ramp-up stage, and it will take some time to reach and accelerate export growth.

Vinod – PhillipCapital: Would you like to share a medium-term target for where we want to take the current 10%–12%? Given the significant capex we have undertaken for the new facility, how should we look at this over time? It would provide us with a natural hedge going forward.

Management: We will not be able to give you a number, and the percentage will also vary depending on our overall growth. Therefore, it would be unfair to estimate the percentage today.

However, I can assure you that in terms of absolute value, exports are part of the strategy behind the capex investment in the Kolkata plant. The absolute value will definitely increase.

In terms of the mix, however, since we are also growing in emerging segments and elsewhere, it is difficult to provide an estimate at this stage.

Vinod – PhillipCapital: Regarding Vande Bharat, would it be possible to—

Operator: Sorry to interrupt you, Mr. Goyal, but could you please rejoin the queue?

Management: The management is well aware of that, and there are many things that are going to happen in the calendar year, get completed by 28, and thereafter there is a ramp-up plan. It is all on track.

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Analyst2: My second question relates to the persistent inflation that we are observing in commodity prices. What is our plan to deal with it? We have taken some price increases recently, so why were these price increases not taken a quarter earlier, or when prices were increasing? Compared with many of our competitors, our margins have been somewhat subdued over the last 2-3 quarters. Why have we fallen behind our competitors in taking price increases?

Management: Aditya, to answer your question, we did not delay the price-increase action. We initiated the price-increase action as soon as we started observing the impact.

I would not like to comment on how the competition is performing or what it has been doing. From our side, we can assure you that we have been advanced in terms of the tools available at the factory to engage with and quantify the cost increases affecting product manufacturing.

We have been timely in quantifying and communicating these increases, especially for the standard products that we sell, which are governed by a price list. We have been able to prepare and share the changes with the market at the appropriate time. We did not delay this action.

The decline in margin this quarter, as Omkar said, is more related to operating leverage, along with the raw material inflation impact that occurred this quarter. We have plans in place to overcome this because, like you, we also anticipate that the current conditions and the tailwinds we had will become less significant and will even out in the coming periods.

Analyst2: Fair enough. Thank you for the opportunity.

Operator: Thank you. The next question is from the line of Vinod from PhillipCapital. Please proceed.

Vinod – PhillipCapital: Thank you for the opportunity again. Since you ended on digitalization in state discoms, Schneider is one of the few companies present across the entire chain, from hardware to automation to software. Are you seeing tenders being issued in that integrated manner, or are they being divided into separate substation, automation, and software tenders? Are discoms now issuing integrated packages as well? Are you seeing this on the ground?

Management: It is a mix. There are two ways in which we deal with it.

If it is a pure digitalization, upliftment, and upgradation package for a facility, we undertake it ourselves.

If it involves work where we do not add value, such as constructing a new substation, undertaking civil work, and then installing upgraded digital infrastructure, we do not always undertake it directly. It is normally quoted by large EPC houses in the country that are skilled in developing civil infrastructure. We support them with our grid-modernization solutions and systems.

That is how we approach it. There is no single way to address this emerging need in India.

We assess the content of the project. Different states, as you correctly pointed out, have different formats through which they express their requirements. This is because the reasons and circumstances are different in each state.

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We decide based on the quantum of work whether we can add value to the partner or whether we should undertake it directly. We take that decision depending on the tender when it is identified and when we begin engaging with it.

Vinod – PhillipCapital: Thank you very much for the response.

Operator: Thank you. The next question is from the line of Sameer Thakur from Ambit. Please proceed.

Sameer Thakur – Ambit: Thanks again. If I understand correctly, your focus is more toward private utilities, although you also have some business with public utilities. Regarding one large private customer that is undertaking significant capex in Mumbai, are you seeing more inquiries in the pipeline? Is that where you have greater visibility on the power utility side?

Management: We do have visibility because we see the utility that you are referring to, particularly among the private players—

Management: It is not exactly private, because it has also received some infusion from the Government of India. We are seeing and witnessing this flow of inquiries. That is why I said that we have a good pipeline in front of us, and that is why I am reasonably confident that we will deliver what we planned to do for the fiscal year.

Sameer Thakur – Ambit: So that would be volume growth plus price increases? Is it driven only by pricing, or by both pricing and volume? Should we expect growth on both fronts?

Management: You are right.

Sameer Thakur – Ambit: Thank you. One more question, if I may. Comparing the business of [overlap]

Operator: Sorry to interrupt you, Mr. Thakur, but due to time constraints, that was the last question for today. I now hand the conference over to Mr. Harshit Kapadia for closing comments. Over to you, sir.

Harshit Kapadia – Elara Securities: Thank you, {? Purva ?}. We would like to thank the Schneider Electric management team for giving us the opportunity to host this call. We would also like to thank all investors and analysts for joining the call. Schneider team, are there any closing remarks that you would like to share with investors?

Management: Thank you, Harshit, and thank you to everyone who took the time to join this call.

On behalf of the company, I would like to say that we are facing a good and healthy pipeline. We believe that the pricing actions and execution plans that we have already initiated will make their way through.

As we progress, we also expect these uncertainties to diminish. Against the backdrop of the pipeline we have and the actions we have initiated, I am confident that the remaining 3 quarters of the year will be good for us.

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17 August 2026

Thank you again for joining, and have a great day.

Operator: Thank you. On behalf of Elara Securities, this concludes the conference. Thank you for joining us, and you may now disconnect your lines. Thank you, everyone.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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